



Commonwealth of Kentucky
Environmental and Public Protection Cabinet
Office of Insurance

Contact: Ronda Sloan
502/564-6098
502/330-1804 Cell

News Release

MORE THAN 700 KENTUCKIANS TO BENEFIT FROM NATIONAL SETTLEMENT
Regulators allege improper life insurance sales practices on military bases

FRANKFORT, Ky. (Aug. 3, 2006) – More than 700 Kentuckians are among the 92,000 life insurance customers, including 70,000 military personnel, who will receive cash or other benefits as part of a multi-state settlement agreement announced today.

The settlement is from a 20-month investigation of the sales practices of American-Amicable Life Insurance Co., of Texas, and its affiliates, including Pioneer American Insurance Co. and Pioneer Security Life Insurance Co. State regulators and federal agencies claim the companies targeted young military recruits and misled them into believing they were buying an investment product when they actually were buying an expensive term life product. The products, marketed as “Wealth Builder” or “Horizon Life,” were sold from January 2000 to July 2006.

The companies will be required to provide cash refunds and increased policy benefits totaling \$70 million. Notices and checks will be mailed by the end of October. In addition, the companies are banned from military bases for five years and may not use any military personnel membership listings for sales or solicitation purposes, as well as other restrictions on sales and military personnel contacts.

“This is a positive outcome, particularly for our military personnel, and shows how serious regulators are about protecting all consumers from deceptive sales practices,” said Julie Mix McPeak, executive director of the Kentucky Office of Insurance.

McPeak noted that KOI staff members met with representatives at Fort Campbell and Fort Knox military bases and developed educational materials to assist military personnel in the purchase of life insurance products.

The settlement agreement is at <http://doi.ppr.ky.gov/kentucky/> Consumers who have questions regarding the settlement can call the companies’ Consumer Service Center at 1-800-736-7311.